

EXHIBIT 2

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE

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ULTIMA SERVICES CORPORATION, :
:
Plaintiff, :
:
vs. : Case No.:
: 2:20-cv-00041-
U.S. DEPARTMENT OF AGRICULTURE, : DCLC-CRW
et al., :
:
Defendants. :
-----:

REMOTE DEPOSITION OF DANIEL CHOW

DATE: March 10, 2022
TIME: 10:06 a.m.
LOCATION: Rockville, Maryland
REPORTED BY: Shari R. Broussard, RPR, CSR
Reporter, Notary

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<p style="text-align: right;">Page 58</p> <p>1 arithmetic, but I'm still not understanding why 2 they're not more industry observations. If we're 3 counting every NAICS code of an individual firm 4 and every firm has at least one NAICS code, why 5 aren't there more industry observations than 6 registration observations? 7 A There may be some data that are not 8 reported by the firms and if that data wasn't 9 reported, maybe those observations weren't 10 included in its given industry. So perhaps they 11 didn't report the number of employees, for 12 instance. So the condition may be set that -- a 13 condition may occur where it wasn't included in 14 that particular set of NAICS industries, so you'd 15 get fewer -- fewer observations in the -- in the 16 NAICS -- among NAICS industries, the distribution. 17 Q Okay. So at the end of the day in 18 Table 3 in your Pooled Regression Results, you 19 indicated about a half a million observations, 20 right? 21 A Correct, 504,000 or so. 22 Q Yes. Tell me what those observations</p>	<p style="text-align: right;">Page 60</p> <p>1 receipts. I don't have the entire list in front 2 of me. 3 Q Okay. And the same question for the 4 FPDS database where I think you indicated that 5 there were 55 variables. 6 A Yes. So those would -- they include 7 things like variables such as whether it was a 8 Veteran owned, the type of organization, the -- 9 whether it was women owned, minority owned, those 10 kinds of things. Again, I -- I don't have the 11 entire list in front of me. 12 Q That's fine. 13 And then you combine them into 64 14 variables I believe; is that right? 15 A Yes. 16 Q Okay. And tell me how you combined the 17 42 variables from the SAM database and the 55 18 variables from the FPDS database into 64 19 variables. 20 A Well, I used the Stata code and merged 21 by DUNS or CAGE depending on the step in the 22 process and this allowed me to remove any</p>
<p style="text-align: right;">Page 59</p> <p>1 are. 2 A Well, these are observations that are -- 3 excuse me while I look it up. 4 So these are the observations that have 5 some value in regards to the 18 or so 6 characteristics that were shown in Table 3. So 7 these are the ones that have data that allow a 8 regression analysis to occur and also they're a 9 result of some collapsing or aggregating of data 10 after some filtering out of duplicates and so on 11 and so forth. 12 Q Okay. Okay. I want to move on to the 13 variables. 14 You combined 42 variables from the SAM 15 database -- well, let's start with that. 16 You said that the SAM registrant data 17 have 42 variables, right? 18 A Forty-two that were used, correct. 19 Q Okay. And give me some examples of what 20 they were. 21 A DUNS number would be the, like, address 22 of the firm, maybe the firm's employment number,</p>	<p style="text-align: right;">Page 61</p> <p>1 variables that were not necessarily needed for the 2 study. 3 I took a more conservative approach by 4 including possible variables that might be useful 5 and I chose those variables because I did not have 6 the code provided to me at the time, so I did an 7 educated guess as to which of the most important 8 variables were needed. So by the time I received 9 the code and was able to do the correct and proper 10 merges, a number of variables were -- were safely 11 dropped. 12 So 64 was the number. And that's -- 13 that might have included a couple of variables 14 that I still kept in case I needed to backtrack 15 and rerun something. 16 Q Okay. Let me see if I understand it. 17 Did you do the merging of the variables prior to 18 getting the databases? 19 A No, I -- I don't get databases, I get 20 datasets. 21 Q Fair enough. Datasets. 22 A So I did not merge -- do any merging</p>

<p style="text-align: right;">Page 98</p> <p>1 and ethnicity categories.</p> <p>2 Q Okay. Did you do any analysis to</p> <p>3 determine why minority-owned firms had lower odds</p> <p>4 ratios?</p> <p>5 A Not for this study, no, I -- I did not</p> <p>6 get into that level of detail.</p> <p>7 Q Well, do you have an expert opinion as</p> <p>8 to whether you can attribute the lower ratios that</p> <p>9 you found through discrimination by a particular</p> <p>10 actor?</p> <p>11 A "By a particular actor." Can -- can you</p> <p>12 clarify that?</p> <p>13 Q Sure. Let's use the Federal Government</p> <p>14 as our particular actor.</p> <p>15 Do you have an expert opinion as to</p> <p>16 whether or not your study of lower ratios can be</p> <p>17 attributed to discrimination by the Federal</p> <p>18 Government?</p> <p>19 A No.</p> <p>20 Q Okay. And if I understand the analysis</p> <p>21 correctly, one variable that was not used was</p> <p>22 failure to bid, right?</p>	<p style="text-align: right;">Page 100</p> <p>1 MR. ROSMAN: Why don't we take our lunch</p> <p>2 break. And Andrew is shaking his head up and</p> <p>3 down, so I'm going to go --</p> <p>4 MS. DINAN: He's pro lunch break.</p> <p>5 MR. ROSMAN: We can either come back at</p> <p>6 2:00 or just come back at 1:45 or 1:50 or 1:55,</p> <p>7 whatever people favor.</p> <p>8 MS. DINAN: I'm fine. I mean, go ahead,</p> <p>9 Andy.</p> <p>10 MR. BRANIFF: I think 1:45 is good.</p> <p>11 MR. ROSMAN: All right. 1:45 it is.</p> <p>12 Let's be back at 1:45 and we'll finish up. Thank</p> <p>13 you.</p> <p>14 MS. DINAN: Sounds good. Thank you.</p> <p>15 (Whereupon, at 12:51 p.m., a</p> <p>16 luncheon recess was taken.)</p> <p>17 * * * * *</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p>
<p style="text-align: right;">Page 99</p> <p>1 A Correct, I have nothing in here about</p> <p>2 bidding.</p> <p>3 Q Okay. And so some of these odds might</p> <p>4 be attributable to the fact that different groups</p> <p>5 bid less often or more often?</p> <p>6 A Might be attributable, yes.</p> <p>7 Q Okay. There's nothing in your analysis</p> <p>8 that would eliminate that possibility; is that</p> <p>9 right?</p> <p>10 A Correct.</p> <p>11 Q Okay.</p> <p>12 MR. ROSMAN: So, Christine, I'm not too</p> <p>13 far from being done, but if you have a significant</p> <p>14 amount of cross, then maybe we should take lunch</p> <p>15 now and then come back and finish up in an hour or</p> <p>16 so. I just wanted to take your opinion about</p> <p>17 that.</p> <p>18 MS. DINAN: I'm not sure. I need to</p> <p>19 look at my notes and I'd like to take a break</p> <p>20 regardless before we do the cross, so the question</p> <p>21 is whether you want to finish up and then take a</p> <p>22 break or you want to take a break now.</p>	<p style="text-align: right;">Page 101</p> <p>1 A F T E R N O O N S E S S I O N</p> <p>2 (1:45 p.m.)</p> <p>3 Whereupon,</p> <p>4 DANIEL CHOW</p> <p>5 was called for continued examination, and having</p> <p>6 been previously duly sworn, was examined and</p> <p>7 testified further as follows:</p> <p>8 RESUMED EXAMINATION BY COUNSEL FOR</p> <p>9 PLAINTIFF</p> <p>10 BY MR. ROSMAN:</p> <p>11 Q All right. Homestretch.</p> <p>12 Mr. Chow, I'm just going to ask you to</p> <p>13 interpret some of the numbers in your report.</p> <p>14 In Table 3 the odds ratio you identify</p> <p>15 for 8(a) firms is 2.606.</p> <p>16 Does that mean that the odds of winning</p> <p>17 a contract for an 8(a) business is more than two</p> <p>18 and-a-half times greater than for a business that</p> <p>19 is not an 8(a) business?</p> <p>20 A Well, it's greater than one and it's</p> <p>21 twice -- twice as likely, but it is a -- yes, it</p> <p>22 is a -- larger than -- larger than one, correct.</p>